DEPARTMENT OF HEALTH SERVICES

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March 04, 1994
CMSP Letter 94-1

TO: County Medical Services Program (CMSP) Welfare Directors

SUBJECT: ADVANCE NOTICE OF CMSP AUDIT

This letter provides you with advance notice of an audit in which participating County Medical Services Program (CMSP) counties will be asked to cooperate. Based on the results of a previous audit, the Federal Government routinely applies a substantial discount (15 percent) to claims for the cost of services provided to CMSP eligibles who are later determined retroactively eligible for Medi-Cal based on disability. Considerable input from county welfare departments has indicated that this discount rate does not accurately reflect the more recent quality of CMSP to Medi-Cal case conversions based on disability.

Accordingly, the Small County Advisory Committee (SCAC) to the CMSP and the California Department of Health Services (CDHS) agreed to pursue a new audit which should yield a significantly lower discount rate. To this end the CDHS sought and received approval from the Federal Health Care Financing Administration to conduct this audit. We are currently finalizing a random , county specific sample which will contain a listing of sample cases.

Your County will be asked to locate those cases and photocopy the documentary evidence contained therein which supports the cases' conversions from the CMSP to Medi-Cal. In most cases this "evidence" should consist only of the appropriate Medi-Cal application and the completed disability referral form. You would then use the photocopied "evidence" to account for the case conversion as correct or incorrect and forward the completed sample list and supporting evidence to this office.

Your cooperation in this endeavor is critical to our collective attempt to increase revenues to the CMSP. The results of this audit will not only allow us to claim additional funds for periods as far back as 1987 but also for all current and future claims.
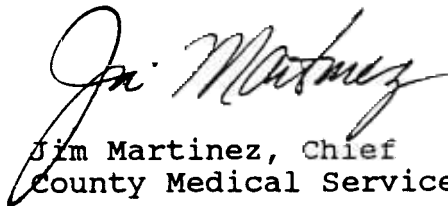
Since the sample will be random, your County may or may not be asked to participate. If sample cases are drawn in your County,

you will receive, in a future CMSP letter, both the sample listing and specific instructions.

Mr. Albert Cooper, of my staff, has been assigned to work directly with you on this project. If you have any questions regarding this letter, please contact him at (916) 322-1615.

Sincerely,

Jim Martinez, Chief
County Medical Services Program

cc: CMSP Contact Persons

0412. Market Value of Property.

The market value of property shall be determined.

The market value of real property shall be (1) or (2), unless the applicant or beneficiary chooses to meet the conditions of (3), and (3) is lower:

(1 The assessed value determined under the most recent property tax assessment if the property is located in California.

(2) The value established by applying the assessment method used in the area where the property is located, if the property is located outside of California.

(3) The value established as the result of an appraisal by a qualified real estate appraiser, if the appraisal is obtained by the applicant or beneficiary and provided to the county department.

The market value of each item of personal property shall be determined by the specific methods contained in this article.

(c) The market value of notes secured by deeds of trust and mortgages which are considered as other real property in accordance with Section 0441 (b) shall be established in accordance with Section 0441(c).

0413. Encumbrances.

Encumbrances of record are obligations for which the property is security. Encumbrances include, but are not limited to:

Loans.

Attachments for debts and taxes.

(c Chattel mortgages and liens.

0414. Share of Encumbrances Determination.

The share of encumbrances shall be determined as follows:

Determine the total market value of the property.

Determine the market value of the portion of the property that is to be considered.

Divide the amount determined in (b) by the amount